



Peterson  
Allred  
Jackson

**BOYS & GIRLS CLUB OF  
CACHE VALLEY, INC.**

**AUDITED FINANCIAL  
STATEMENTS**

**For the Years Ended  
June 30, 2005 and 2004**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Boys & Girls Club of Cache Valley, Inc.  
Logan, UT 84321

We have audited the accompanying statements of financial position of the Boys & Girls Club of Cache Valley, Inc. (a non-profit corporation) as of June 30, 2005 and 2004, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Boys & Girls Club of Cache Valley, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys & Girls Club of Cache Valley, Inc. as of June 30, 2005 and 2004, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2005, on our consideration of the Boys & Girls Club of Cache Valley, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and to the matters. The purpose of that report is to describe the scope of testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-Profit Organizations*," and is not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Peterson Alfred Jackson

December 15, 2005

**BOYS & GIRLS CLUB OF CACHE VALLEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2005 AND 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>
Current assets:		
Cash		
Accounts receivable	\$ 108,290	\$ 59,052
Grants receivable	9,332	8,588
Total current assets	<u>88,482</u>	<u>18,315</u>
	<u>206,104</u>	<u>85,955</u>
Property and equipment:		
Property and equipment	278,760	43,672
Accumulated depreciation	<u>(26,420)</u>	<u>(13,891)</u>
Total net property and equipment	<u>252,340</u>	<u>29,781</u>
<b>Total assets</b>	<u><u>\$ 458,444</u></u>	<u><u>\$ 115,736</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 1,584	\$ 1,753
Accrued liabilities	135,183	65,570
Deferred revenue	30,996	-
Note payable, related party - current portion	<u>11,363</u>	<u>-</u>
Total current liabilities	<u>179,126</u>	<u>67,323</u>
Long-term liabilities:		
Accrued liabilities - USU	39,421	78,867
Note payable, related party	<u>147,802</u>	<u>-</u>
Total long-term liabilities	<u>187,223</u>	<u>78,867</u>
Total liabilities	<u>366,349</u>	<u>146,190</u>
Unrestricted net assets	92,095	(36,454)
Temporarily restricted net assets	<u>-</u>	<u>6,000</u>
Total net assets	<u>92,095</u>	<u>(30,454)</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 458,444</u></u>	<u><u>\$ 115,736</u></u>

The accompanying notes are an integral part of these financial statements.

**BOYS & GIRLS CLUB OF CACHE VALLEY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>2005</b>			<b>2004</b>
	<b>Unrestricted</b>	<b>Temporarily Unrestricted</b>	<b>Total</b>	<b>Total Unrestricted</b>
<b>Revenues:</b>				
Grants	\$ 708,528	\$ -	\$ 708,528	\$ 366,869
Contributions and special events	28,376	-	28,376	31,248
Donated goods and facilities	145,000	-	145,000	162,107
Donated services	-	-	-	1,986
Program revenues	80,468	-	80,468	67,214
Interest and other income	12,273	-	12,273	1,141
Total unrestricted revenue	974,645	-	974,645	630,565
<b>Expenses:</b>				
Program services	728,004	6,000	734,004	480,563
Supporting services-management & general	118,092	-	118,092	68,050
Total expenses	846,096	6,000	852,096	548,613
Increase (decrease) in unrestricted net assets	128,549	(6,000)	122,549	81,952
Net assets at beginning of year	(36,454)	6,000	(30,454)	(112,406)
Net assets at end of year	\$ 92,095	\$ -	\$ 92,095	\$ (30,454)

The accompanying notes are an integral part of these financial statements.

**BOYS & GIRLS CLUB OF CACHE VALLEY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	Program Services		Management and General		Total Expenses	
	2005	2004	2005	2004	2005	2004
Salaries and benefits	<u>\$516,658</u>	<u>\$296,179</u>	<u>\$ 36,000</u>	<u>\$20,458</u>	<u>\$552,658</u>	<u>\$316,637</u>
Other expenses:						
Accounting and audit/professional services	-	-	11,163	8,534	11,163	8,534
Advertising and marketing	-	-	465	130	465	130
Conferences and training/dues	-	3,256	5,844	4,300	5,844	7,556
Depreciation of equipment & furniture	-	728	12,529	1,650	12,529	2,378
Insurance	3,935	1,000	500	515	4,435	1,515
Miscellaneous	9,109	6,389	2,800	2,370	11,909	8,759
Occupancy costs	149,046	134,572	6,000	5,232	155,046	139,804
Printing and subscriptions	7,065	11,239	680	3,385	7,745	14,624
Promotional materials/special events	2,379	1,571	800	785	3,179	2,356
Supplies and postage	8,753	4,699	1,850	4,380	10,603	9,079
Telephone	508	685	3,500	3,212	4,008	3,897
Travel and entrance fees	36,551	20,245	32,500	13,099	69,051	33,344
Interest	-	-	3,461	-	3,461	-
Total other expenses	<u>217,346</u>	<u>184,384</u>	<u>82,092</u>	<u>47,592</u>	<u>299,438</u>	<u>231,976</u>
Total expenses	<u>\$734,004</u>	<u>\$ 480,563</u>	<u>\$118,092</u>	<u>\$68,050</u>	<u>\$852,096</u>	<u>\$548,613</u>

The accompanying notes are an integral part of these financial statements

**BOYS & GIRLS CLUB OF CACHE VALLEY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in unrestricted net assets	\$ 122,549	\$ 81,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	12,529	2,378
Noncash contribution of assets	-	(27,027)
(Increase) decrease in accounts receivable	(744)	287
(Increase) decrease in grants receivable	(70,167)	(7,458)
Increase (decrease) in accounts payable	(169)	(601)
Increase (decrease) in accrued liabilities	<u>61,163</u>	<u>(27,618)</u>
Total adjustments	<u>2,612</u>	<u>(60,039)</u>
Net cash provided by operating activities	125,161	21,913
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of buildings and equipment	<u>(235,088)</u>	<u>(2,164)</u>
Net cash used by investing activities	<u>(235,088)</u>	<u>(2,164)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Principal payments on related party loan	(835)	
Proceeds from related party loan	<u>160,000</u>	<u>-</u>
Net cash provided by capital and related financings activities	<u>159,165</u>	<u>-</u>
Net increase in cash	49,238	19,749
CASH AT BEGINNING OF YEAR	<u>59,052</u>	<u>39,303</u>
CASH AT END OF YEAR	<u><u>\$ 108,290</u></u>	<u><u>\$ 59,052</u></u>
<b><u>Supplemental cash disclosures:</u></b>		
Amount of cash paid for interest	<u><u>\$ 3,461</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**BOYS & GIRLS CLUB OF CACHE VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005 and 2004**

**Note 1: Summary of Significant Accounting Policies**

**Nature of Organization**

The Boys & Girls Club of Cache Valley, Inc. is a non-profit corporation located in northern Utah that provides after-school programs for children and receives a substantial portion of its funding through private grants and state contracts.

**Basis of Accounting**

The Boys & Girls Club of Cache Valley, Inc. maintains its records on the accrual basis of accounting.

**Unrestricted Net Assets**

Under SFAS No. 117 the Boys & Girls Club of Cache Valley, Inc. is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets consist of revenue and other support available for and used for current operations.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If donor stipulations are met in the same period as the revenue is recognized, expenses are shown as unrestricted.

**Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, the organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.



### Income Taxes

As a non-profit organization, which is not a private foundation, the Boys & Girls Club of Cache Valley, Inc. claims exemption from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and related state provisions. Accordingly, no provision for income taxes has been made in the financial statements.

### Property, Equipment and Depreciation

Purchased property and equipment are stated at cost. Depreciation is computed on the straight-line method for all capitalized assets over the estimated useful service life of the various classes of property. Property and equipment are depreciated over useful lives of five to seven years. Buildings and improvements are depreciated over 20 years.

Upon retirement or disposal of property and equipment, the costs and related accumulated depreciation amounts are eliminated, and any gain or loss is included in the statement of activity in the year of disposition.

### Donated Materials, Equipment and Services

Donated materials, equipment, facilities, and certain services are reflected as contributions in the accompanying statements at their estimated fair value on the date of contribution.

### Allocation of Functional Expenses

The allocation of expenditures between programs and supportive services has been based on direct benefit costs or, if direct benefit is not determinable, in proportion to the function's salary costs.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Fair Value of Financial Instruments

Fair values for all financial instruments, including cash and accounts receivable and payable, approximate carrying values.

**Note 2: Cash**

Boys & Girls Club of Cache Valley, Inc maintains cash accounts in two banking institutions. All bank amounts were covered by FDIC insurance at June 30, 2005 and 2004.

	<u>Carrying Amount</u>		<u>Bank Balance</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Checking	\$ 45,351	\$ 19,373	\$ 68,379	\$ 20,306
Savings	<u>62,939</u>	<u>39,679</u>	<u>62,939</u>	<u>39,707</u>
Total Cash	<u>\$108,290</u>	<u>\$ 59,052</u>	<u>\$131,318</u>	<u>\$ 60,013</u>

**Note 3: Accounts Receivable**

Accounts receivable are made up of individual participant balances for after school programs owed at June 30, 2005 and 2004 respectively. Accounts with balances over 90 days are not recognized as receivables.

**Note 4: Property and Equipment**

	<u>7/1/04</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/05</u>
Buildings and improvements	\$ --	\$230,000	\$ --	\$230,000
Furniture and equipment	43,672	5,088	--	48,760
Accumulated depreciation	<u>(13,891)</u>	<u>(12,529)</u>	<u>--</u>	<u>(26,420)</u>
Net property and equipment	<u>\$29,781</u>	<u>\$ 222,559</u>	<u>\$ --</u>	<u>\$ 252,340</u>

**Note 5: Contributed Facilities and Services**

Contributed facilities and equipment were donated by various organizations and were valued at \$ 145,000 and \$ 162,107 for the years ended June 30, 2005 and 2004, respectively. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Professional services amount to \$ 0 and \$ 1,986 for the years ended June 30, 2005 and 2004, respectively. Services provided by student and other volunteers at the organization are not recorded.

**Note 6: Accrued Liabilities**

Accrued liabilities include payroll and benefit amounts paid by Utah State University for Boys and Girls Club of Cache Valley, Inc. Boys and Girls Club is making regular payments to reduce the liability. Payments required within the next year are included in current accrued liabilities. Payments to USU are required as follows:

2006	\$ 78,842
2007	<u>39,422</u>
Total	<u>\$118,264</u>

**Note 7: Loan payable – related party transaction**

During fiscal year 2005, the Organization entered into an agreement to purchase a building from the Executive Director. The building was purchased for \$230,000 and financed by the Executive Director with a down payment of \$70,000 and 359 monthly payments of \$959.28. The loan carries an interest rate of 6% and will be paid off in 2035. The annual loan maturities are as follows:

2006	\$ 11,511
2007	11,511
2008	11,511
2009	11,511
2010	11,511
2011 - 2015	57,555
2016 - 2020	57,555
2021 - 2025	57,555
2026 - 2030	57,555
2031 - 2035	<u>52,739</u>
Total	340,514
Less interest	<u>(181,349)</u>
Total	<u>\$159,165</u>

**Note 8: Operating lease**

Boys and Girls Club of Cache Valley, Inc. has entered into a 60 month operating lease for the use of a copier. Monthly payments for the copier are \$120. The organization is responsible for the payments for the next two years as outlined below.

2006	\$ 1,440
2007	<u>360</u>
Total	<u>\$ 1,800</u>

**BOYS AND GIRLS CLUB OF CACHE VALLEY, INC.**  
**SCHEDULE OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Program/Award Amount</u>	<u>Expenditures</u>
United States Department of Education			
passed through Cache County School District			
21st Century Learning Center 84.287B		\$ 306,400	\$ 306,400
passed through Logan City School District			
21st Century Learning Center 84.287B		6,019	6,019
Total Department of Education		<u>312,419</u>	<u>312,419</u>
United States Department of Health and Human Services			
passed through:			
Utah Department of Workforce Services			
Youth Connections 93.575		39,570	39,570
Total Department of Heath and Human		<u>39,570</u>	<u>39,570</u>
Corporation for National and Community Service			
passed through Utah Department of Community			
and Economic Development			
AmeriCorps 94.006		406,263	296,716
Total Federal Financial Assistance		<u>\$ 758,252</u>	<u>\$ 648,705</u>

The accompanying notes are an integral part of these financial statements

**BOYS AND GIRLS CLUB OF CACHE VALLEY, INC.**  
**Notes to Schedule of Federal Awards**  
**Year Ended June 30, 2005**

**Note 1: Purpose of the Schedule**

The Schedule of Federal Expenditures of Federal Awards is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. *Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

**Note 2: Significant Account Policies**

**Basis of Accounting**

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

**CFDA Numbers**

OMB Circular A-133 requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

**Major Programs**

OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial assistance.

**Indirect Costs**

The Schedule includes a portion of costs associated with general activities, which are allocated to federal financial assistance programs using direct labor as a basis of allocation.

**Matching Costs**

The Schedule does not include matching expenditures, however matching amounts were reviewed as part of the audit procedures.

**BOYS AND GIRLS CLUB OF CACHE VALLEY, INC.**

**OMB CIRCULAR A-133 REPORTS**

**June 30, 2005**



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Boys & Girls Club of Cache Valley, Inc.  
Logan, UT 84321

We have audited the financial statements of Boys & Girls Club of Cache Valley, Inc. as of and for the years ended June 30, 2005, and 2004, and have issued our report thereon dated December 15, 2005. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Boys & Girls Club of Cache Valley, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Boys & Girls Club of Cache Valley, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition



in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Boys & Girls Club of Cache Valley, Inc. in a separate letter dated December 15, 2005.

This report is solely intended for the information and use of the audit committee, Board of Trustees, grantors, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Peterson Alfred Jackson*  
December 15, 2005



Peterson  
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Business Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Boys & Girls Club of Cache Valley, Inc.  
Logan, UT 84321

Compliance

We have audited the compliance of the Boys & Girls Club of Cache Valley, Inc. (the Organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complies, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, others within the organization, Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Peterson Alfred Jackson*

December 15, 2005

**BOYS AND GIRLS CLUB OF CACHE VALLEY, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**A. Summary of Audit Findings**

1.	Type of Report issued	Unqualified
2.	Reportable Conditions in Internal Control	None reported
3.	Material Non-Compliance Discovered	None reported
4.	Reportable Conditions in Internal Control Over Major Programs	None reported
5.	Compliance Report Issued	Unqualified
6.	Reportable Findings under A-133	None reported
7.	Federal Programs Tested as Major Programs	CFDA #84.287B 94.006
8.	Dollar threshold use to distinguish between Type A and Type B programs	\$300,000
9.	Audited qualification as High or Low risk	High

**B. Findings required to be reported in accordance with Government Auditing Standards.**

None reported

**C. Findings and questioned costs required to be reported in accordance with OMB Circular A-133.**

None reported

**BOYS AND GIRLS CLUB OF CACHE VALLEY, INC.**  
**Summary Schedule of Prior Audit Findings**  
**(Client Prepared Schedule)**  
**June 30, 2005**

There were no findings or questioned costs in the prior year audit.



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December 15, 2005

To the Board of Trustees  
Boys & Girls Club of Cache Valley, Inc.  
Logan, UT 84321

In planning and performing our audits of the financial statements of the Boys & Girls Club of Cache Valley, Inc (a non-profit corporation) as of June 30, 2005 and 2004, we developed the following recommendations concerning certain matters related to the internal control structure and certain administrative and operating matters. These recommendations resulted from our observations made in connection with our audits of the Organization's financial statements for the year ended June 30, 2005 and 2004, and are not based on special study. Our comments and principal recommendations are summarized as follows:

#### **PRIOR YEAR FINDINGS**

Finding: *Documentation.* The Organization could not locate complete documentation for 5% of the cash disbursements sample. Authorization for the expense was not always documented on the invoice. Missing documentation of authorization was noted on 15% of the cash disbursement sample.

Recommendation: Authorize all expenses and retain documentation for the expenses.

Management response: Increased time will be taken to make sure all items will have a purchase order and are accompanied with proper documentation.

Status: This continues to be an issue. See current year finding.

Finding: *Oversight.* The Organization currently is operating with related party conditions between Management and employees and the Board.

Recommendation: The Board and Management needs to increase their oversight responsibilities with the upcoming single audit requirements and related party condition within the Organization.

Management response: The Board will select a Financial Committee and they will update our policies and procedures in regards to our Finances. These recommendations will be presented to the Board for approval. They will be implemented by the staff immediately.

Status: The Organization is still in the process of selecting a Financial Committee.

Finding: 990 Filings. The 990 tax return has been filed late for the years ending June 30, 2002 and 2003.

Recommendation: Prepare and file the 990 tax return within the stated deadlines. Request extensions as needed.

Management response: 990 tax returns will be completed and filed timely.

Status: The 990 tax return for 2004 was not filed until 12 ½ months after the end of the fiscal year.

## **CURRENT YEAR FINDINGS**

Finding: *Timely and accurate financial reports.* Bank reconciliations are not being performed on a timely basis, which causes the financial statements to not be complete. The financial statements were not adjusted for the audit entries last year and no accruals were made for the grant receivable at the end of the year. This causes inaccurate financial statement information for the Organization to base spending decisions on. Also, tax returns are not being done shortly after year end.

Recommendation: Bank reconciliations should be done within 30 days after the end of the month. With continued grant funding, up to date financial statements (including accruals) need to be reflected so that grant expenditures can be monitored. The Organization may want to consider hiring additional accounting staff to perform all of the necessary and required accounting functions on a timely basis.

Management response: The Organization will consider the staffing needs required for accounting and will make the applicable changes.

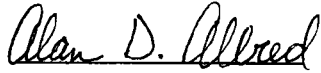
Finding: *Documentation.* During the testing of cash disbursements and single audit requirements, we noted that authorization documented on the purchase order was not found on 30% of the sample, missing dual check signatures were found on 1% of the sample, and missing criminal background checks for two employees were not in the personnel files.

Recommendation: Train all employees on the importance of complete documentation and authorization of expenses. Review expenditure detail before the check is issued to insure that the appropriate documentation is present.

Management response: Increased training on accounting procedures will occur in the near future.

In conclusion, we wish to recognize Robert Green for his service provided to the Boys & Girls Club of Cache Valley, Inc. The performance of the Boys & Girls Club of Cache Valley, Inc annual fiscal year audit has been an enjoyable experience for us and we would like to thank Boys & Girls Club of Cache Valley, Inc for the opportunity to serve as independent auditors.

Very truly yours,

A handwritten signature in cursive script that reads "Alan D. Allred".

Alan D. Allred, CPA

PETERSON ALLRED JACKSON